

PERCENT OF THE CAPITAL STOCK OF THE STATE BANK. THE UNENCUMBERED CAPITAL STOCK WHICH THE DIRECTOR OWNS SHALL BE IN THE MINIMUM AMOUNT OF:

(I) \$250, IF THE STATE BANK HAS \$50,000 OR LESS IN CAPITAL STOCK; OR

(II) \$500, IF THE STATE BANK HAS MORE THAN \$50,000 IN CAPITAL STOCK.

(3) TO DETERMINE THE AMOUNT OF CAPITAL STOCK OWNED BY A DIRECTOR:

(I) ONLY THE PAR OR STATED VALUE OF COMMON AND PREFERRED STOCK MAY BE CONSIDERED; AND

(II) DEBT INSTRUMENTS OF THE STATE BANK OR CORPORATION MAY NOT BE CONSIDERED.

(C) OATH OF OFFICE.

EACH DIRECTOR SHALL TAKE AN OATH THAT HE:

(1) WILL PERFORM DILIGENTLY AND HONESTLY THE DUTIES OF HIS OFFICE;

(2) WILL NOT VIOLATE KNOWINGLY OR PERMIT KNOWINGLY A VIOLATION OF ANY PROVISION OF THIS SUBTITLE; AND

(3) OWNS IN GOOD FAITH THE AMOUNT OF CAPITAL STOCK REQUIRED UNDER SUBSECTION (B) OF THIS SECTION.

(D) TENURE.

A DIRECTOR HOLDS OFFICE FOR ONE YEAR AND UNTIL HIS SUCCESSOR IS ELECTED AND QUALIFIES.

(E) ELECTIONS.

(1) THE STOCKHOLDERS SHALL ELECT THE INITIAL DIRECTORS AT A MEETING HELD BEFORE THE STATE BANK IS AUTHORIZED TO COMMENCE BUSINESS. THE STOCKHOLDERS SUBSEQUENTLY SHALL ELECT DIRECTORS ANNUALLY AT THE ANNUAL MEETING OF STOCKHOLDERS.

(2) IF THE ELECTION OF THE BOARD OF DIRECTORS IS NOT HELD AT THE ANNUAL MEETING, AN ELECTION MAY BE HELD AT A SUBSEQUENT MEETING CALLED FOR THAT PURPOSE. NOTICE OF THE SUBSEQUENT MEETING SHALL BE GIVEN AS THE BYLAWS PROVIDE.

(F) VACANCY.